

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

CUSTOMER NO. 22927

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Application No.: 09/679,186
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Title: SYSTEMS AND METHODS WHEREIN A PLAYER
INDICATES AN ITEM THAT MAY BE RECEIVED
BASED ON A GAME EVENT OUTCOME
ASSOCIATED WITH THE PLAYER

Att'y Docket No. 00-033

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Examiner: BANTA, Travis R.

APPEAL BRIEF

**BOARD OF PATENT APPEALS
AND INTERFERENCES**

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Appellants hereby appeal to the Board of Patent Appeals and Interferences from the Panel Decision mailed on November 19, 2007, and from the decision of the Examiner in the Final Office Action mailed April 9, 2007 (Part of Paper No. / Mail Date 20070321). This Appeal Brief is also responsive to the Office communication mailed March 27, 2008.

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RESPONSE TO NOTICE OF NON-COMPLIANT APPEAL BRIEF

This Appeal Brief is being filed in response to the “Notice of Non-Compliant Brief” mailed March 27, 2008, following the Appeal Brief filed March 19, 2008. This Appeal Brief replaces the Appeal Brief filed March 19, 2008.

This Appeal Brief corrects the section headed “Status of the Claims” to include the information that claims **1-39** have been cancelled during prosecution of the present application.

REAL PARTY IN INTEREST

The present application is assigned to Walker Digital, LLC, Two High Ridge Park, Stamford, Connecticut 06905.

RELATED APPEALS AND INTERFERENCES

No interferences or appeals are known to Appellants, Appellants' legal representative, or assignee, which will directly affect, be directly affected by, or have a bearing on the Board's decision in the pending appeal.

STATUS OF CLAIMS

Claims **1-39** have been cancelled.

Claims **40-74** are pending in the present application.

Claims **40, 69, 70, 73 and 74** stand rejected under 35 U.S.C. §112, first paragraph, as failing to comply with the written description requirement.

Claims **40-74** stand rejected under 35 U.S.C. §103(a) as being unpatentable over U.S. Patent No. 5,871,398 (hereinafter “Schneier”) in view of U.S. Patent No. 6,875,959 (hereinafter “Nguyen”).

Claims **40-74** are being appealed.

STATUS OF AMENDMENTS

No amendments were filed subsequent to the Final Office Action mailed on April 9, 2007 (the “Final Action” herein). Appellants herein appeal the rejections of claims **40-74** that are recited in the Final Action based on 35 U.S.C. §112, first paragraph, and on 35 U.S.C. §103(a).

SUMMARY OF CLAIMED SUBJECT MATTER

Concise explanations of the independent claims being appealed are provided below that include sufficient information about the claimed subject matter so that an informed review of the Examiner's adverse determination of patentability can be made.

As required by 37 C.F.R. §41.37(c)(1)(v), reference is made to the Specification and Drawings, as appropriate. Any such reference:

- (i) is by way of example of the claimed subject matter only;
- (ii) is to be considered as potentially useful in clarifying the particular subject matter of the particular independent claim being explained (and not other claims or "the invention" as a whole), unless explicitly stated otherwise; and
- (iii) is not to be considered as broadening or narrowing the scope of any recited term from its meaning to one of ordinary skill in the art, unless explicitly stated otherwise.

Of the claims being appealed, claims **40, 69, 70, 73 and 74** are the only independent claims.

1. Independent Claim 40

In accordance with one or more embodiments, a method of the present invention includes *receiving from a device information regarding a total payout amount of electronic scratch-off lottery tickets stored on the device, wherein the total payout amount has not been disclosed to a player*. See, for example, page 8, lines 4-5; page 10, lines 24- 30; page 13, lines 24-25; page 14, lines 2-3; page 30, lines 9-11; page 31, line 25-28; and Figs. 1 and 14 (for example, reference number 104 of Fig. 1, and 1406 of Fig. 14).

The method further includes *receiving from the player an indication, after receiving the total payout amount information and wherein the total payout amount has not been disclosed to the player, of an item that the player is interested in winning*. See, for example, the specification, page 12, lines 13-14; page 13, lines 24-32; page 16, lines 18-19; page 31, lines 21-24; and Figs. 3 and 14 (for example, reference number 102 of Fig. 3, and 1402 of Fig. 14).

The method also includes *determining a value of the item*. See specification, for example, on page 12, lines 14-16; page 13, lines 27-30; page 31, lines 29-32; and Fig. 14 (for example, reference numbers 1408 and 1410).

Lastly, the method includes *arranging for the player to receive the item based on whether the total payout amount is within a defined range of the value of the item*. See specification, for example, on page 11, lines 8-18; page 12, lines 16-18; page 14, lines 1-10; page 32, lines 3-9 and Figs. 1 and 14 (for example, reference numbers 106 of Fig. 1, and reference numbers 1414-1420 of Fig. 14).

2. Independent Claim 69

In accordance with one or more embodiments, an apparatus according to the present invention comprises *means for receiving from a device information regarding a total payout amount of electronic scratch-off lottery tickets stored on the device, wherein the total payout amount has not been disclosed to a player.* See specification, for example, on page 15, lines 19-21; page 16, lines 12-13 and lines 18-19; and Fig. 2A (for example, player device 400 and/or merchant device 500 and/or lottery device 600).

The apparatus also includes *means for receiving from the player an indication, after receipt of the total payout amount information and wherein the total payout amount has not been disclosed to the player, of an item that the player is interested in winning.* See specification, for example, on page 16, lines 13-15 and 18-19; and Fig. 2A (for example, merchant device 500 and/or lottery device 600).

In addition, the apparatus includes *means for determining a value of the item.* See specification, for example, on page 16, lines 15-18 and Fig. 2A (for example, merchant device 500).

Lastly, the apparatus includes *means for arranging for the player to receive the item based on whether the total payout amount is within a defined range of the value of the item.* See specification, for example, on page 16, lines 15-18; page 17, line 29 to page 18, line 2; and Fig. 2A (for example, merchant device 500).

3. Independent Claim 70

In accordance with one or more embodiments, an apparatus according to the present invention includes *a processor*. See, for example, specification page 22, lines 4-6; page 23, lines 15-21, and Figs. 5 and 6 (for example, see reference number 510 of Fig. 5, and reference number 610 of Fig. 6).

The apparatus also includes *a storage device in communication with said processor and storing instructions adapted to be executed by said processor*. See, for example, the specification, page 22, lines 11-31; page 23 lines 22-32; and Fig. 5 (for example, see reference number 530) and Fig. 6 (see, for example, reference number 630 of Fig. 6).

The instructions stored in the storage device that are executed by the processor as recited by claim **70** cause the processor to operate in the manner claimed by claim **40**. Thus, for the sake of brevity, the comments above identifying the portions of the present specification that support such a process with reference to the elements of claim **40** are incorporated by reference in their entirety herein.

4. Independent Claim 73

In accordance with one or more embodiments, a medium storing instructions adapted to be executed by a processor to perform a method including instructions to *receive from a device information regarding a payout amount of an electronic lottery ticket stored on the device, wherein the payout amount has not been disclosed to a player.* See specification, for example, on page 22, lines 20-27; page 13, lines 18-25; and page 18, lines 4-6.

The medium also stores instructions to *receive from the player an indication, after receipt of the payout amount information and wherein the payout amount has not been disclosed to the player, of an item that the player is interested in winning.* See, for example, specification page 16, lines 12-19; page 18, lines 4-6; and page 31, lines 23-24.

In addition, the medium stores instructions to *determine a price of the item.* See, for example, specification at page 16, lines 15-18; page 18, line 7; and page 31, lines 24-25.

Lastly, the medium stores instructions to *arrange for the player to receive the item based on whether the price of the item is less than or equal to the payout amount.* See, for example, specification at page 14, lines 26-29; page 18, lines 7-9; page 26, lines 8-13; and page 27, line 31 to page 28, line 8.

5. Independent Claim 74

In accordance with one or more embodiments, a computer implemented method according to the invention includes *receiving from a player device information regarding an outcome of a lottery ticket stored on the player device, wherein the outcome includes a payout amount that has not been disclosed to a player.* See, for example, specification page 13, lines 18-25, and page 18, lines 4-6.

The computer implemented method includes *receiving from the player, after receiving the payout amount information and wherein the payout amount has not been disclosed to the player, an indication of an item that the player is interested in winning.* See, for example, specification page 16, lines 12-19; page 18, lines 4-6; and page 31, lines 23-24.

The computer implemented method also includes *determining a price of the item.* See, for example, specification at page 16, lines 15-18; page 18, line 7; and page 31, lines 24-25.

Lastly, the computer implemented method includes *arranging for the player to receive the item based on the outcome and if the price of the item is less than or equal to the payout amount.* See, for example, specification at page 14, lines 26-29; page 18, lines 7-9; page 26, lines 8-13; and page 27, line 31 to page 28, line 8.

GROUND OF REJECTION TO BE REVIEWED ON APPEAL

Claims **40, 69, 70, 73 and 74** stand rejected under 35 U.S.C. §112, first paragraph, as failing to comply with the written description requirement.

Claims **40-74** stand rejected under 35 U.S.C. §103(a) as being unpatentable over Schneier in view of Nguyen.

ARGUMENT

1. Form of Appeal Brief Argument

In the arguments herein, limitations of the claims are indicated in *italics*, claim numbers are indicated in **bold**, and the references of record are indicated by underlining.

In separate arguments of patentability for separate claims (or groups of claims), Appellants have, where possible, referred to prior arguments to avoid undue repetition.

In the arguments below, Appellants refer to the Final Action, which is the Final Office Action containing the rejections appealed herein, and which was mailed on April 9, 2007 as part of Paper No. / Mail Date 20070321.

2. Advantages of the Claimed Invention

The claims being appealed are directed to a method, apparatus, medium for storing instructions, and a computer-implemented method directed to arranging for a player of electronic scratch-off lottery tickets to receive a desired item. In an embodiment, the arranging occurs based on whether a total payout amount of the electronic scratch-off tickets stored on a device is within a defined range of a determined value of the item. The claimed implementations require non-disclosure of the total payout amount has not been disclosed to the player, and receiving the indication of a desired item from the player after receiving the indication of the total payout amount.

Such operation facilitates a transaction between an electronic scratch-off lottery player interesting in purchasing an item and a party having such items for sale. In an embodiment, a merchant utilizing the present method can advantageously sell an item to a player for a reduced price (within a determined range of the value of the item) without revealing the reduced price to the player. Such a transaction is beneficial to the merchant if, for example, the merchant has a large number of such items in inventory. The transaction is also beneficial to the player, who can obtain the item for a reduced price.

Many more advantageous and diverse uses of the claimed invention, both explicit and implicit in the present application, are possible and would be apparent to those of skill in the art based on the Appellants' disclosure.

3. Section 112, First Paragraph (Written Description), Rejection

Claims **40, 69, 70, 73 and 74** stand rejected under 35 U.S.C. 112, first paragraph, “as failing to comply with the written description requirement.” [Final Action, page 2]. The Examiner asserts that the subject matter of these claims was not described sufficiently in the specification as to reasonably convey that Appellants, at the time the application was filed, had possession of the claimed embodiments of the invention.

Appellants respectfully submit that a *prima facie* case of unpatentability has not been made with respect to the Section 112, first paragraph, rejection based on the alleged failure to comply with the written description requirement. In particular, the Examiner’s reasoning is both erroneous and unclear, as it is based on an incorrect interpretation of the term “total payout amount”. Moreover, this Section 112 rejection does not provide even the minimal threshold of clarity required by 35 U.S.C. §132. Thus, the rejections of claims **40, 69, 70, 73 and 74** must be reversed for at least this reason, in order to provide Appellants with the required examination and process due in denying allowance of Appellants’ claims.

Furthermore, Appellants respectfully assert that the application as filed provides clear support for the claim language. Accordingly, the Examiner has failed to establish a *prima facie* case of lack of written description for any of claims **40, 69, 70, 73 and 74**, and therefore the Section 112, first paragraph rejections cannot stand.

3.1. Applicable Law

3.1.1. The PTO Bears the Initial Burden of Establishing a Prima Facie case of Unpatentability for a Section 112, first paragraph, Rejection

The Examiner bears the initial burden, on review of the prior art or on any other ground, of presenting a *prima facie* case of unpatentability. If examination at the initial stage does not produce a *prima facie* case of unpatentability, then without more the applicant is entitled to grant of the patent. *In re Oetiker*, 977 F.2d 1443, 1445, 24 U.S.P.Q.2D 1443, 1444 (Fed. Cir. 1992).

With regard to a Section 112, first paragraph rejection, the Examiner has the initial burden of presenting evidence or reasoning to explain, by a preponderance of the evidence, why persons skilled in the art would not recognize in the original disclosure a description of the invention defined by the claims. See *In re Wertheim*, 541 F.2d at 263, 191 USPQ at 97 (CCPA 1976). “The description as filed is presumed to be adequate, unless or until sufficient evidence or reasoning to the contrary has been presented by the examiner to rebut the presumption. See, e.g., *In re Marzocchi*, 439 F.2d 220, 224, 169 USPQ 367, 370 (CCPA 1971). The examiner, therefore, must have a reasonable basis to challenge the adequacy of the written description.” MPEP 2163 (III) (A).

As explicitly directed in the MPEP: “In rejecting a claim, the examiner must set forth express findings of fact which support the lack of written description conclusion...These findings should:

(A) Identify the claim limitation(s) at issue; and

(B) Establish a *prima facie* case by providing reasons why a person skilled in the art at the time the application was filed would not have recognized that the inventor was in possession of the invention as claimed in view of the disclosure of the application as filed.”
MPEP 2163.04(I).

3.1.2. Substantial evidence required for all factual findings

The Board is not permitted to accept conclusory, unsupported findings made by the Examiner that are not supported by substantial evidence made of record. All findings of fact by the U.S. Patent and Trademark Office must be supported by substantial evidence within the record. In re Gartside, 203 F.3d 1305, 1315, 53 U.S.P.Q.2D 1769, 1775 (Fed. Cir. 2000).

The Supreme Court has described “substantial evidence” in the following manner:

Substantial evidence is more than a mere scintilla. It means such relevant evidence as a reasonable mind might accept as adequate to support a conclusion. . . . Mere uncorroborated hearsay or rumor does not constitute substantial evidence.

Consolidated Edison Co. v. NLRB, 305 U.S. 197, 229, 83 L. Ed. 126, 59 S. Ct. 206 (1938); see also, Dickinson v. Zurko, 527 U.S. 150, 162, 50 U.S.P.Q.2D 1930, 1935, 144 L. Ed. 2d 143, 119 S. Ct. 1816 (1999) (“Zurko III”). “[R]eview under this standard involves an examination of the record as a whole, taking into consideration evidence that both justifies and detracts from the agency’s decision.” Universal Camera Corp. v. NLRB, 340 U.S. 474, 487-88, 95 L. Ed. 456, 71 S. Ct. 456 (1951); Zurko III, 527 U.S. at 162.

3.1.3. Claim interpretation must be consistent with the specification

During examination, claims are given their broadest reasonable interpretation that those skilled in the art would reach, consistent with the specification. In re Hyatt, 211 F.3d 1367, 1372, 54 U.S.P.Q.2D 1664, 1667 (Fed. Cir. 2000); In re Cortright, 165 F.3d 1353, 1359, 49 U.S.P.Q.2D 1464, 1468 (Fed. Cir. 1999). The “PTO applies to verbiage of the proposed claims the broadest reasonable meaning of the words in their ordinary usage as they would be understood by one of ordinary skill in the art, taking into account whatever enlightenment by way of definitions or otherwise that may be afforded by the written description contained in applicant’s specification.” In re Morris, 127 F.3d 1048, 1054-55, 44 U.S.P.Q.2D 1023, 1027 (Fed. Cir. 1997).

3.1.4. The Steps of a Method Claim Need Not be Performed in the Order Written

The court in Altiris, Inc. v. Symantic Corp., 318 F. 3d 1363, 1369-71, 65 USPQ 2d 1865, 1869-70 (Fed. Cir. 2003) held that the steps of a method claim need not be performed in the order written unless logic, grammar, or the content of the specification dictates otherwise. See also, Interactive Gift Express, Inc., v. Compuserve Inc., 265 F.3d 1323, 1342, 59 USPQ 2d 1401, 1416 (Fed. Cir. 2000) (“Unless the steps of a method actually recite an order, the steps are not ordinarily construed to require one.”).

3.2. The Proper Analysis for a Section 112, first paragraph, Rejection

The proper inquiry for the written description requirement of Section 112, first paragraph, is whether the specification describes the claimed invention in sufficient detail that one skilled in the art can reasonably conclude that the inventor had possession of the claimed invention. See, e.g., *Moba, B.V. v. Diamond Automation, Inc.*, 325 F.3d 1306, 1319, 66 USPQ2d 1429, 1438 (Fed. Cir. 2003); *Vas-Cath, Inc. v. Mahurkar*, 935 F.2d at 1563, 19 USPQ2d at 1116; MPEP 2163(I).

“New or amended claims which introduce elements or limitations which are not supported by the as-filed disclosure violate the written description requirement.” MPEP 2163(I)(B)

“An applicant shows possession of the claimed invention by describing the claimed invention with all of its limitations using such descriptive means as words, structures, figures, diagrams, and formulas that fully set forth the claimed invention. *Lockwood v. American Airlines, Inc.*, 107 F.3d 1565, 1572, 41 USPQ2d 1961, 1966 (Fed. Cir. 1997).” MPEP 2163(I)

“The fundamental factual inquiry is whether the specification conveys with reasonable clarity to those skilled in the art that, as of the filing date sought, applicant was in possession of the invention as now claimed. See, e.g., *Vas-Cath, Inc.*, 935 F.2d at 1563-64, 19 USPQ2d at 1117.” MPEP 2163(I)(B)

3.3. Examiner's Reasons for the Section 112, first paragraph, Rejection Do Not Satisfy the Examiner's Burden of Establishing a *Prima Facie* Case

As best as Appellants can understand the basis for this rejection, it appears that the Examiner is concerned about either some perceived ambiguity with the term “total payout amount”, or about the order of receipt of the total payout amount and the indication from the player of an item that the player is interested in winning. With regard to the former, Appellants explain below in Section 3.3.1. that the term “total payout amount” as recited is clearly defined in the application as filed. With regard to the latter, Appellants explain below in Section 3.3.2. that the order of receipt of the total payout amount of electronic scratch-off lottery tickets, and the indication from the player of the item she desires to win, can be accomplished in any practicable manner, including in the manner recited by the Group I claims.

3.3.1. The Term “Total Payout Amount” is Clearly Defined in the Application as Filed and is Not Ambiguous

In support of the Section 112, first paragraph, rejection based on failure to comply with the written description requirement, the Examiner quotes extensively from the specification as filed (Final Action, pages 2 – 3). In particular, with regard to the amendment made to the independent claims during prosecution concerning “*receiving from the player an indication, after receiving the total payout amount information...*” the Examiner admits:

“... The specification teaches in many places that embodiments have been conceived of that allow the device to receive a player selection of an item before the total payout amount is received (see page 3 lines 20-23, 30-33, page 4 lines 3-7, 8-11, 16-20, 21-24, page 5 lines 4-7, 8-12, page 8 lines 18-26, page 10 lines 24-32 in reference to Figure 1). The example provided in page 13 of the specification shows an example of a player device receiving a total game outcome amount unbeknownst to the player prior to the player's indication of a preferred item.” (Final Action, page 2)

However, the Examiner then contends:

“Total payout amount as defined in the specification on page 8 lines 4-5 is defined as “the total money a player wins with respect to a total number of events”. The claims have been examined using this definition of “total payout amount”.” (Final Action, page 2)

But this statement is not entirely accurate, as the specification recites, on page 8, lines 4-5 that: “As used herein, a ‘total payout amount’ represents ***an amount of money*** that a player wins with respect to a total number of events.” An example is provided, wherein a player plays three slot-machine type games (associated with three events) and wins a total of ten dollars. The ten dollars is the total payout amount (Specification, page 8, lines 5-6).

Although the difference in interpretation of “total payout amount” seems minor, the Examiner next utilizes his construction to state:

“The total payout amount is necessarily not received until at least after the player has made a selection because the player must make a selection of a preferred item before a decision of a win or a loss is made by the machine.”

But such an interpretation is incorrect. As explained above, the total payout amount is defined in the specification as *an amount of money* that a player wins with respect to a total number of events. As claimed by claims **40, 69 and 70**, the total payout amount of electronic scratch-off lottery tickets is stored on a device, but is *not disclosed to the player*. Further, the total payout amount is received by another entity and is discernable to that entity. Thus, the Examiner's incorrect understanding of this term has colored his entire construction of the claim, which is discussed in more detail in Section 3.3.2 below.

3.3.2. The Total Payout Amount Can Be Received Before an Indication of an Item that the Player is Interested in Winning, as Recited by the Group I Claims

The Examiner provides an example in the Final Action of a process, based on his understanding of "total payout amount", that purportedly illustrates the claimed process:

"For example, a player buys 5 tickets with determined outcomes \$0, \$2, \$6, \$0 and \$0. The player selects a book worth \$10. After the selection is made, the machine or merchant will decide whether \$10 is sufficient for the purchase of the book. It may or may not be. If it is, the total payout amount is the \$10 book. If it is not, the total payout amount is \$0 or \$8 depending on the embodiment. **It is therefore impossible to determine a total payout amount before a player makes a selection of a preferred item according to the disclosure because the total payout amount (or value of the win) is unknown until the player makes a selection.**" (Emphasis added, see Final Action, pages 2-3)

Appellants submit that the Examiner's example is inaccurate, counter-intuitive and/or misleading, and that the conclusion is wrong. As best understood, the example includes the player selecting a book "worth" \$10, the merchant "decides" that \$10 is sufficient for purchase of the book, and therefore the \$10 book is "the total payout amount". Based on these statements, the Examiner then concludes that it is impossible to determine a total payout amount before the player makes a selection of an item "because the total payout amount is unknown until the player makes a selection."

There is no basis for any such interpretation of the claim language based on the present disclosure. Rather, *a total payout amount of electronic lottery tickets* is stored on the device. Thus, as explained above, the total payout amount is a **monetary amount** stored on an electronic device and **cannot** be an item such as a book. Furthermore, the first element of claims **40, 69 and 70** recites *receiving information regarding the total payout amount*, and thus consequently, using the Examiner's example above, the merchant would already have information of the total payout amount (which is \$8) **before** receiving the indication of the item that the player is interested in winning (the book). So, if the player wishes to utilize all five lottery outcomes to try and win the item, the total payout amount is \$8, and in accordance with claims **40, 69 and 70**, the merchant then determines the value of the item.

In addition, claim **40** requires *determining a value of the item*, and then arranging for the player to receive the item *based on whether the total payout amount is within a defined range of the value of the item*. Appellants thus respectfully submit that, if the Examiner's interpretation is correct,

there would be no reason to have a step of determining the value of the desired item because the player selection of the item itself is already an indication of the value, which is known to the merchant. Furthermore, it is respectfully asserted that, using the Examiner's own example, it is clear that the merchant could make a decision that \$8 does indeed fall within a defined range of the value of the book, and thus would provide the book in exchange for the total payout amount.

The present specification provides an example wherein a player purchases five electronic lottery tickets having outcomes of \$0, \$2, \$6, \$0 and \$0, respectively, and these outcomes are stored on her personal computer without being displayed to the player (Specification, page 13, lines 18-25). Therefore, the total payout amount for these five events is \$8 (and is unknown to the player). The player then uses her personal computer to shop for a book, and chooses one retailing for \$12. In this particular embodiment, the merchant determines that a lower price may be appropriate and asks the player if she would like to use some of her lottery tickets in an attempt to win the book (Specification, page 13, lines 26-32). The player decides that she will use three of her lottery tickets in an attempt to win the book, and the merchant then finds that the first three lottery ticket outcomes are \$0, \$2 and \$6 for a total of \$8. The merchant decides that \$8 is acceptable, ships the book to the player (without telling the player the value of the three outcomes) and arranges to receive the \$8 from the lottery service (Specification, page 14, lines 1-8). Although this example does not exactly illustrate the process as claimed, it does illustrate that it is easy for a merchant to obtain total payout amount information, which is not known to

the player, and Appellants submit that total payout information can be obtained either before or after the player selects an item she desires to win.

Appellants also respectfully submit that the present application does not prohibit a merchant from first receiving information regarding a total payout amount of electronic lottery tickets before receiving an indication from a player of an item that the player wishes to win. In fact, the specification describes an embodiment wherein an outcome of a game is determined, and based on the outcome an item is offered to a player (instead of the outcome amount), and then it is arranged for the item to be provided to the player (see page 4, lines 12-15). In addition, the specification describes an embodiment wherein a merchant receives an indication that an item should be provided to a player based on information associated with the item and an outcome associated with a game event (see page 4, lines 29-31). No restriction is placed on the order of receipt of the total payout amount information and the item information. Moreover, the disclosure specifically recites that the disclosed processes can be practiced *in any order that is practicable* (see page 30, lines 9-11).

Furthermore, the application as filed contained the following claim:

1. A method facilitating a transaction, comprising:
receiving from a player an indication associated with an item;
determining a game event outcome associated with the player; and
arranging for the player to receive the item based on information associated with the item and the game event outcome.

The Federal Circuit has specifically held that: “Unless the steps of a method actually recite an order, the steps are not ordinarily construed to require one.” Interactive Gift Express, Inc., v. Compuserve Inc., 265 F.3d 1323, 1342, 59 USPQ 2d 1401, 1416 (Fed. Cir. 2000). Accordingly, there is no prohibition concerning the order of the process steps recited by originally filed claim 1. Therefore, the determination of a game event outcome could occur *before* an indication associated with an item is received. Thus, in view of the above comments, Appellants respectfully submit that one skilled in the art would understand that, for example, a merchant device could indeed receive total payout amount information (a monetary amount) from a player device (such as a personal computer) before receiving an indication of an item that the player is interested in winning, as recited by each of claims **40, 69 and 70**.

Appellants further respectfully submit that the Examiner has overlooked the plain language as recited by claims **73 and 74**. In particular, the term “total payout amount” does not even appear in these claims, which instead concern: *receiving... information regarding an outcome of a lottery ticket stored on the player device, wherein the outcome includes a payout amount that has not been disclosed to a player; and receiving from the player, after receiving the payout amount information..., an indication of an item that the player is interested in winning*. Furthermore, these claims require a merchant, for example, to arrange for the player to receive the item *based on the outcome and if the price of the item is less than or equal to the payout amount*. Thus, the Examiner failed to address the different considerations concerning the language utilized by these claims, and thus has failed to establish a *prima facie* case of unpatentability.

Thus, Appellants submit that none of the Examiner's conclusory statements, even when read in light of the extensive quotations from the specification, satisfies the Examiner's burden of establishing a *prima facie* case of unpatentability. It is submitted that the Examiner has not identified a claim limitation that allegedly is not adequately supported by the specification as filed, much less provided adequate reasoning as to why the specification as filed would not convey with reasonable clarity that Appellants were in possession of the invention as claimed as of the filing date of the application, which is the proper inquiry to be satisfied. In fact, as is clear from the above Section "Summary of Claimed Subject Matter" of this Appeal Brief, and the originally filed claims, each limitation of each independent claim is explicitly and clearly supported by the specification as filed. Many of the sections of the specification quoted by the Examiner actually illustrate clear support for many of the claim limitations, especially for those having to do with "receiving from a device information regarding a total payout amount... stored on the device, wherein the total payout amount has not been disclosed to the player."

3.4. All Limitations of Each of Claims 40, 69, 70, 73 and 74 Are Supported by the Specification as Filed

As described in the above section "Summary of Claimed Subject Matter", all of the pending claims are explicitly and clearly supported by the specification as filed. In fact, the description in the specification uses the exact same language in the same context as do the claims. This is more than adequate to satisfy the written description requirement of Section 112, first paragraph. For instance, the written description requirement may be

satisfied even if the subject matter of the claim is not “described literally (i.e., using the same terms or *in haec verba*”) MPEP 2163.02. Yet in the present application, the written description does describe the claims literally and thus does adequately satisfy the written description requirement.

3.5. Conclusion

For the reasons set forth above, the Examiner has failed to establish a *prima facie* case of lack of written description for any of claims **40, 69, 70, 73 and 74**, and therefore the Section 112, first paragraph rejections cannot stand and should be reversed.

4. Section 103(a) Rejections

Claims **40-74** stand rejected under 35 U.S.C. §103(a) as being unpatentable over Schneier in view of Nguyen. Applicants traverse these rejections.

A reading of the rejections reveals that the Examiner has consistently misinterpreted the limitations of the claims. Several limitations are not disclosed or suggested by any evidence of record. Accordingly, the Examiner has not presented a *prima facie* case of obviousness of any claim.

The Examiner's Section 103(a) rejections based on Schneier in view of Nguyen are argued separately for each grouping of claims rejected under Section 103(a). In particular, the claims have been grouped as follows:

- Group I: Claims **40-45, 47- 50, 53-58, 60-66 and 68-74;**
- Group II: Claim **46**
- Group III: Claim **51**
- Group IV: Claim **52**
- Group V: Claim **59**
- Group VI: Claim **67**

The claims in different groups do not stand or fall together. Each group of claims is addressed below under a separate heading.

4.1. The Proper Legal Standard Under 35 U.S.C. §103(a)

4.1.1. *Prima facie* Burden

The Examiner bears the burden of establishing a *prima facie* case of obviousness based upon the prior art. In re Fritch, 23 U.S.P.Q.2D 1780, 972 F.2d 1260, 1265 (Fed. Cir. 1992). To reject claims in an application under Section 103, an examiner must show an un rebutted *prima facie* case of obviousness. In re Rouffet, 47 U.S.P.Q.2D 1453, 149 F.3d 1350, 1355 (Fed. Cir. 1998). If examination at the initial stage does not produce a *prima facie* case of unpatentability, then without more the applicant is entitled to grant of the patent. In re Oetiker, 24 U.S.P.Q.2D 1443, 1444, 977 F.2d 1443, 1445 (Fed. Cir. 1992).

4.1.2 Claim Interpretation Must be Consistent with the Specification

During examination, claims are given their broadest reasonable interpretation that those skilled in the art would reach, consistent with the specification. In re Hyatt, 211 F.3d 1367, 1372, 54 U.S.P.Q.2D 1664, 1667 (Fed. Cir. 2000); In re Cortright, 165 F.3d 1353, 1359, 49 U.S.P.Q.2D 1464, 1468 (Fed. Cir. 1999). The “PTO applies to verbiage of the proposed claims the broadest reasonable meaning of the words in their ordinary usage as they would be understood by one of ordinary skill in the art, taking into account whatever enlightenment by way of definitions or otherwise that may be afforded by the written description contained in applicant’s specification.” In re Morris, 127 F.3d 1048, 1054-55, 44 U.S.P.Q.2D 1023, 1027 (Fed. Cir. 1997).

4.1.3 Obviousness

The examiner bears the initial burden of establishing a *prima facie* case of obviousness based upon the prior art. In re Fritch, 972 F.2d 1260, 1265, 23 U.S.P.Q.2D 1780, 1783 (Fed. Cir. 1992); Oetiker, 977 F.2d at 1445. In the absence of a proper *prima facie* case of obviousness, an applicant who complies with the other statutory requirements is entitled to a patent. Oetiker, 977 F.2d at 1445.

To reject claims in an application under Section 103, an examiner must show an unrebutted *prima facie case* of obviousness. In re Rouffet, 149 F.3d 1350, 1355, 47 U.S.P.Q.2D 1453, 1455 (Fed. Cir. 1998). The *prima facie* case is a procedural tool, and requires that the examiner initially produce evidence sufficient to support a ruling of obviousness; thereafter the burden shifts to the applicant to come forward with evidence or argument in rebuttal. In re Kumar, 418 F.3d 1361, 1366, 76 U.S.P.Q.2D 1048, 1050 (Fed. Cir. 2005). The patent applicant may attack the Examiner's *prima facie* determination as improperly made out, or the applicant may present objective evidence tending to support a conclusion of nonobviousness. Fritch, 972 F.2d at 1265. When rebuttal evidence is provided, the *prima facie* case dissolves, and the decision is made on the entirety of the evidence. Kumar, 418 F.3d at 1366; Oetiker, 977 F.2d at 1445.

The Supreme Court, in KSR International Co. v. Teleflex Inc., 127 S.Ct. 1727, 82 U.S.P.Q. 2d 1385 (2007) reiterated that the framework for the objective analysis for determining obviousness under 35 U.S.C. §103 is as stated in Graham v. John Deere Co., 383 U.S. 1, 148 U.S.P.Q. 459 (1966):

- (1) determining the scope and content of the prior art;
- (2) resolving the level of ordinary skill in the art; and
- (3) ascertaining the differences between the claimed invention and the prior art. *Id.* at 1734; see also 35 U.S.C. §103 (2000).

U.S. Patent and Trademark Office policy is also to follow Graham. Accordingly, during examination an Examiner must conduct the factual inquiries as set forth in Graham in determining obviousness of any claim. M.P.E.P. § 2141 “Examination Guidelines for Determining Obviousness Under 35 U.S.C. 103”, Part II “The Basic Factual Inquiries of *Graham v. John Deere Co.*”, 8th ed., Rev. 7 (September 2007).

The underlying factual determinations on which a conclusion of obviousness is allegedly based are reviewed to ascertain whether they are supported by substantial evidence. In re Kumar, 418 F.3d at 1365 (citing Gartside, 203 F.3d at 1316). Unsupported assessments of the prior art are unacceptable for purposes of review. “Rather, the Board must point to some concrete evidence in the record in support of these findings. To hold otherwise would render the process of appellate review for substantial evidence on the record a meaningless exercise.” In re Zurko, 258 F.3d at 1385-86. “[D]eficiencies of the cited references cannot be remedied by the Board’s general conclusions about what is ‘basic knowledge’ or ‘common sense,’” nor may the Board simply reach conclusions based on its own understanding or experience. In re Zurko, 258 F.3d at 1385; Lee, 277 F.3d at 1344. “[T]he Board must not only assure that the requisite findings are made, based on evidence of record, but must also explain the reasoning by

which the findings are deemed to support the agency's conclusion.” Lee, 277 F.3d at 1344.

A determination of the level of ordinary skill in the art is an integral part of the Graham analysis. Ruiz v. A.B. Chance Co., 234 F.3d 654, 666, 57 U.S.P.Q.2D 1161, 1168 (Fed. Cir. 2000) (citing Custom Accessories Inc. v. Jeffrey-Allan Indus., Inc., 807 F.2d 955, 962, 1 U.S.P.Q.2D 1196, 1201 (Fed. Cir. 1986)). Ascertaining a level of ordinary skill in the art is necessary. M.P.E.P. § 2141.03. Okajima v. Bourdeau, 261 F.3d 1350, 1355, 59 USPQ2d 1795, 1797 (Fed. Cir. 2001) (“it is always preferable for the factfinder below to specify the level of skill it has found to apply to the invention at issue”).

Failure of a prior factfinder to make an express finding of the level or ordinary skill in the art is not a reversible error where such a finding would not influence the obviousness determination under Section 103. Okajima v. Bourdeau, 261 F.3d 1350, 1355, 59 USPQ2d 1795, 1797 (Fed. Cir. 2001) (refusing to find reversible error because “[w]here the parties agree that the level of skill in the art is high, any finding by the Board that the proper level of skill is less than that urged by the parties would only reinforce the Board's conclusion of nonobviousness”).

In contrast, in Ruiz v. A.B. Chance Co., 234 F.3d 654, 667 (Fed. Cir. 2000), the Federal Circuit clarified that a failure to make an explicit finding on the level of ordinary skill might be reversible error if it is demonstrated to have influenced the ultimate obviousness conclusion of the district court (citations in original):

Some of our cases indicate that the failure to make explicit findings on the level of ordinary skill is not always reversible error. See, e.g., Kloster Speedsteel AB v. Crucible Inc., 793 F.2d 1565, 1574, 230 U.S.P.Q. (BNA) 81, 86 (Fed. Cir. 1986); Union Carbide Corp. v. American Can Co., 724 F.2d 1567, 1573, 220 U.S.P.Q. (BNA) 584, 589 (Fed. Cir. 1984); Chore-Time Equip., Inc. v. Cumberland Corp., 713 F.2d 774, 779 n.2, 218 U.S.P.Q. (BNA) 673, 676 n.2 (Fed. Cir. 1983). However, as we noted in Custom Accessories, in those cases, “it was not shown that the failure to make a finding or an incorrect finding on level of skill influenced the ultimate conclusion under section 103 and, hence, constituted reversible error.” Custom Accessories, 807 F.2d at 963, 1 U.S.P.Q.2D (BNA) at 1201.

The Examiner must ascertain what would have been obvious to one of ordinary skill in the art at the time the invention was made, and not to the inventor, a judge, a layman, those skilled in remote arts, or to geniuses in the art at hand. Environmental Designs, Ltd. v. Union Oil Co., 713 F.2d 693, 697, 218 U.S.P.Q. 865 (Fed. Cir. 1983), cert. denied, 464 U.S. 1043 (1984).

In making the assessment of differences between the prior art and the claimed subject matter, Section 103 specifically requires consideration of the claimed invention “as a whole.” Princeton Biochemicals, Inc. v. Beckman Coulter, Inc., 411 F.3d 1332, 1337 75, U.S.P.Q.2D 1051, 1054 (Fed. Cir. 2005); Ruiz v. A.B. Chance Co., 357 F.3d 1270, 1275, 69 U.S.P.Q.2D 1686, 1690 (Fed. Cir. 2004). Inventions typically are new combinations of existing principles or features. Environmental Designs, Ltd., 713 F.2d at 698, 218 U.S.P.Q. at 870 (noting that “virtually all [inventions] are combinations of old elements”). The “as a whole” instruction in title 35 prevents evaluation of the invention part by part and requires a showing that an artisan of ordinary skill in the art at the time of invention, confronted by the same problems as the inventor and with no knowledge of the claimed

invention, would have selected the various elements from the prior art and combined them in the claimed manner. Ruiz, 357 F.3d at 1275.

The Supreme Court, in KSR v. Teleflex, 127 S.Ct. 1727, 82 U.S. P.Q. 2d 1385 (2007), held that whether an obviousness rejection is based on a purported combination of relevant teachings of separate references, or on a purported modification of the prior art, an Examiner can satisfy the *prima facie* burden only by showing some reason that would lead to the purported combination or modification. The U.S. Patent and Trademark Office recognizes that the key to supporting any rejection under Section 103 is: “the clear articulation of the reason(s) why the claimed invention would be obvious”, and that the analysis should be made explicit. M.P.E.P. § 2141 “Examination Guidelines for Determining Obviousness Under 35 U.S.C. 103”, Part III “Rationales To Support Rejections Under 35 U.S.C. 103”, 8th ed., Rev. 7 (September 2007).

The U.S. Patent and Trademark Office has also recognized that a statement that modifications of the prior art to meet the claimed invention would have been “well within the ordinary skill of the art at the time the claimed invention was made” because the references relied upon teach that all aspects of the claimed invention were individually known in the art is not sufficient to establish a *prima facie* case of obviousness without some objective reason to combine the teachings of the references. M.P.E.P. § 2143.01, 8th ed., Rev. 7 (September 2007), quoting Ex parte Levengood, 28 USPQ2d 1300 (Bd. Pat. App. & Inter. 1993). Furthermore, “[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning

with some rational underpinning to support the legal conclusion of obviousness." KSR v. Teleflex, 127 S.Ct. at 1741, quoting In re Kahn, 441 F.3d 977, 988, 78 USPQ2d 1329, 1336 (Fed. Cir. 2006). Thus, the Examiner must identify a reason to combine references, and that analysis must be made explicit.

In addition, as noted above, all findings of fact by the U.S. Patent and Trademark Office must be supported by substantial evidence within the record; the factual findings underlying an obviousness analysis are no different. Brand v. Miller, 487 F. 3d 862, 868, 82 U.S.P.Q. 2d 1705 (Fed. Cir. 2007); In re Gartside, 203 F.3d 1305, 1315, 53 U.S.P.Q.2D 1769, 1775 (Fed. Cir. 2000). The Federal Circuit explicitly held in Brand, a post-KSR decision, that "findings of fact by the Board must in all cases be supported by substantial evidence in the record." Brand, 487 F. 3d at 868. The Federal Circuit reiterated that "[t]hat record, when before us, is closed, in that the Board's decision must be justified within the four corners of that record." Id. (quoting In re Gartside, 203 F.3d at 1314).

Notably, "agency expertise cannot be substituted for record evidence, because '[t]he requirement for administrative decisions based on substantial evidence and reasoned findings – which alone make effective judicial review possible – would become lost in the haze of so-called expertise.'" Id. at 869 (quoting Baltimore & Ohio R.R. Co. v. Aberdeen & Rockfish R.R. Co., 393 U.S. 87, 92 (1968)).

Although MPEP 2144.01 permits consideration of "not only specific teachings of the reference but also the inferences which one skilled in the art would reasonably be expected to draw therefrom," (quoting In re Preda, 401

F.2d 825, 826, 159 USPQ 342, 344 (CCPA 1968)), Section 2144.03 nevertheless requires that an Examiner will only be permitted “to take official notice of facts without supporting documentary evidence or to rely on common knowledge in the art in making a rejection,” in limited circumstances¹. These “circumstances should be rare,” and only when the facts asserted are “capable of instant and unquestionable demonstration as being well-known.” MPEP 2144.03. Indeed, “assertions of technical facts in the areas of esoteric technology or specific knowledge of the prior art must always be supported by citation to some reference work recognized as standard in the pertinent art.” *Id.* MPEP 2144.03 provides a clear roadmap for introducing evidence of common knowledge and common sense into the record in a way that satisfies the requirements of the KSR Court, as well as the requirement for substantial evidence in an agency proceeding.

In the present case, however, despite the unambiguous procedures for relying on “common knowledge” in the absence of documentary evidence, the Final Action fails to meet, or even acknowledge these requirements. Consequently, since the Examiner relies only on conclusory statements to fill in the gaps, and has failed to identify any level of only ordinary skill in the art, the Final Action’s analysis does not meet the requirements of a proper obviousness rejection.

¹ MPEP 2144.03 is fully consistent with KSR. The Court in KSR warned only against “[r]igid preventative rules that deny factfinders recourse to common sense,” referring specifically to the Federal Circuit’s requirement that a teaching, suggestion or motivation for combining references be found only in the reference themselves. Slip Op. at 18. While consideration of common knowledge and common sense is desirable in any obviousness rejection, the procedures for taking official notice or relying on “common knowledge” in the absence of documentary evidence must still be followed. Far from being a “rigid preventative measure,” the procedures outlined in MPEP 2144.03 are no more burdensome than the requirement for factual support in the closed record in any administrative proceeding.

4.2. Group I: Claims 40-45, 47-50, 53-58, 60-66 and 68-74

The GROUP I claims **40-45, 47-50, 53-58, 60-66 and 68-74** stand rejected under Section 103(a) as being unpatentable over Schneider in view of Nguyen. Of these, claims **40, 69, 70, 73 and 74** are independent claims.

Independent method claim **40** is representative of the independent claims of Group I. In particular, claim **40** recites a method for arranging for a player to receive a desired item based on whether a total payout amount is within a defined range of the value of the item, claim **69** recites an apparatus that includes means for arranging for the player to receive the item in the manner recited by claim **40**, and claim **70** recites an apparatus having a processor and a storage device storing instructions adapted to be executed by the processor to operate in the manner recited by claim **40**. Independent medium claim **73** and independent computer-implemented method claim **74** utilize slightly different terminology than that of claim **40**, but the Examiner did not recognize that fact. For example, claims **73 and 74** recite “a payout amount of an electronic lottery ticket” instead of “*a total payout amount of an electronic lottery ticket*” (of claim **40**), and include “*determining a price of an item*” rather than “*determining a value of the item*” (of claim **40**), and recite “*arranging for the player to receive the item based on the outcome and if the price of the item is less than or equal to the payout amount*” instead of “*arranging for the player to receive the item based on whether the total payout amount is within a defined range of the value of the item*” (of claim **40**). However, since the arguments presented below are equally applicable to claims **73 and 74**, Appellants have chosen to include these claims in Group I instead of in a separate group for the sake of brevity.

Thus, the arguments presented below concerning claim **40** are equally applicable to independent claims **69, 70, 73 and 74** and will not be repeated for the sake of brevity.

The rejection of the Group I claims is flawed because the Examiner has not made a *prima facie* case of obviousness:

- neither of the cited references, alone or in combination, teach or suggest the following limitations which are found in claim **40**:
 - (i) *receiving from a device information regarding a total payout amount of electronic scratch-off lottery tickets stored on the device, wherein the total payout amount has not been disclosed to a player;*
 - (ii) *receiving from the player an indication, after receiving the total payout amount information and wherein the total payout amount has not been disclosed to the player, of an item that the player is interested in winning; and*
 - (iii) *arranging for the player to receive the item based on whether the total payout amount is within a defined range of the value of the item.*
- the methods disclosed by Nguyen teach away from the method as recited by claim **40**; and
- the Examiner has failed to resolve (or even identify) the level of ordinary skill in the pertinent art as required by the Supreme Court.

4.2.1 No Prima Facie Showing of Obviousness of the Claims of GROUP I

A reading of the rejections of the claims of GROUP I reveals that the Examiner has incorrectly interpreted the limitations of the claims, and thus several limitations are not disclosed or suggested by the references of record. Furthermore, Appellants submit that Nguyen teaches away from the method as claimed, as each of Nguyen's embodiments requires a player to select a prize before initiating game play. In addition, the Examiner has not even attempted to resolve (or even identify) the level of ordinary skill in the pertinent art as required by the Supreme Court. Graham v. John Deere Co., 383 U.S. 1, 17 (1966). Accordingly, the Examiner has not presented a *prima facie* case of obviousness of the claims of GROUP I.

4.2.1.1. No Showing that Claim Limitations Are in References

The Examiner rejected claim **40** as unpatentable over Schneier in view of Nguyen.

The Examiner admits that Schneier does not teach receiving an indication from the player of an item that the player is interested in winning, nor determining a value of the item, nor arranging for the player to receive the item based on whether the total payout amount is within a defined range of the value of the item (Final Action, page 4). Moreover, Appellants submit that Schneier does not disclose receiving the indication of the item that the player is interested in winning *after receiving the total payout amount information and wherein the total payout amount has not been disclosed to the player*, as required by claim **40**.

Appellants respectfully submit that Nguyen does not cure the deficiencies of Schneier. In particular, the Examiner has not provided an adequate explanation as to what disclosure in Nguyen, alone or in combination with Schneier, teaches or suggests the following limitations of claim 40:

(i) receiving from a device information regarding a total payout amount of electronic scratch-off lottery tickets stored on the device, wherein the total payout amount has not been disclosed to a player;

(ii) receiving from the player an indication, after receiving the total payout amount information and wherein the total payout amount has not been disclosed to the player, of an item that the player is interested in winning;

and

(iii) arranging for the player to receive the item based on whether the total payout amount is within a defined range of the value of the item.

Nguyen pertains to methods for selecting a prize specific to an outcome of a game played on a gaming machine, and to gaming machines having a memory for storing a list of prizes, a prize display, and a prize selection mechanism for the player to select a prize specific to one or more outcomes (Nguyen, col. 4, lines 26-47, and col. 3, lines 28-35). There is no teaching or suggestion that prize selection may occur after game play (and thus after any game outcome). To the contrary, Nguyen teaches selection of a prize **first**, before initiating a game, so that the player “plays for the selected prize” (See, for example, col. 15, lines 3-24 and Fig. 7, concerning a “name your prize” embodiment). Thus, neither Nguyen nor Schneier, alone

or in combination, teaches or suggests receiving information of a total payout amount stored on a device (representing the lottery game outcome), which amount has not been disclosed to the player. Furthermore, neither reference teaches or suggests to receive an indication of a desired item from the player *after receiving the total payout amount information and wherein the total payout amount has not been disclosed to the player*, as required by claim 40.

Furthermore, neither Nguyen nor Schneier, alone or in combination, teaches or suggests *arranging for the player to receive the item based on whether the total payout amount is within a defined range of the value of the item*. The Examiner contends on page 4 of the Final Action, that Nguyen discloses such operation. But the passage cited in Nguyen for this proposition recites:

“In one embodiment, the prize server 402 may be connected to a prize fulfillment center 450. Thus, when a player wins a specific prize on the gaming machine 400, the prize information is sent from the gaming machine to the prize server 402. Then, the prize information is sent over a network 452 to the prize fulfillment center 450. The purpose of the prize fulfillment center is to acquire and transfer the prize won by the player to the player. For example, when a player wins a computer, the prize fulfillment center might order the computer from a vendor and have it shipped to the player's home address. As another example, the prize fulfillment center might send a request to a nearby warehouse and have the prize delivered to a location in the casino where the player can pick up the prize.” (Nguyen, col. 12, lines 20-33)

Appellants respectfully submit that this cited portion of Nguyen has nothing whatsoever to do with determining that a total payout amount is within a

defined range of value of an item, and then arranging for the player to receive the desired item, as recited by claim 40. Rather, the cited passage merely explains how a player (who chose a prize before initiating game play) would receive his selected prize should he win.

Appellants have carefully reviewed the disclosure of Nguyen, and did not find any teaching or suggestion for *arranging for the player to receive the item based on whether the total payout amount is within a defined range of the value of the item*. Instead, Nguyen teaches that a list of available prizes may be presented to the player ***based on a function of the wager amount***, which is distinct from arranging for the player to receive an item *based on whether the total payout amount is within a defined range of the value of the item*. In Nguyen's system, the player first picks a prize and plays for that prize, in contrast to the present claims which are directed to a lottery player who already has a total payout amount residing on his device before indicating an item that he desires. Nguyen also teaches to select an appropriate pay table based on the prize selected by the player (For example, see Nguyen, Fig. 7, steps 700 to 720), but Appellants respectfully submit that such operation is also different from the process claimed in claim 40.

In view of the above remarks, Appellants respectfully assert that the Examiner has failed to establish clear and particular findings supported by actual and substantial evidence of record that could support the obviousness rejection of claim 40. Accordingly, no *prima facie* case of obviousness has been made for claim 40.

4.2.1.2. Nguyen Teaches Away from the Method of Claim 40

Claims 40 recites:

receiving from a device information regarding a total payout amount of electronic scratch-off lottery tickets stored on the device, wherein the total payout amount has not been disclosed to a player;

receiving from the player an indication, after receiving the total payout amount information and wherein the total payout amount has not been disclosed to the player, of an item that the player is interested in winning;

determining a value of the item; and

arranging for the player to receive the item based on whether the total payout amount is within a defined range of the value of the item. (Emphasis added)

Thus, in accordance with the language recited in claim 40, the game outcomes ***already exist*** (stored, for example, on the player's device) at the time the player indicates an item that he is interested in winning. Thus, the total payout amount is known to the receiving party (for example, a merchant) at the time that an indication of the desired item is received. In contrast, Nguyen teaches to provide game outcomes ***after*** the player selects a prize (or prizes) to be awarded in the event the player wins. Appellants respectfully submit that such operation teaches away from the method of the claim 40.

The Examiner contends that Nguyen discloses an embodiment wherein a prize is selected after the outcome of a game, and cites the following sentence of Nguyen as support for this contention:

“Each of the prize selection tables 200 and 202 contains a number of prizes which a player may select as an award or pay-out when a certain outcome occurs during the course of a game being played on a gaming machine.” (Col. 6, lines 60-64).

Appellants respectfully submit that the Examiner has misconstrued this sentence, and therefore is in error concerning the teaching of Nguyen. First, if parsed correctly, this sentence recites that a player may select a prize as a payout from either of two prize selection tables shown in Fig. 2, and if a certain outcome occurs during the course of game play then the player will win that prize. Second, it is clear that Appellants interpretation is correct when this cited sentence is read in context, in particular by reading the next several sentences of Nguyen:

“For example, a player may select a prize, which may be won when a jackpot or maximum pay-out occurs during a slot game, video poker game, keno game or lottery game. Using one of the prize selection tables 200 or 202, a player may select prizes when an (sic.) initiating a game on the gaming machine. One or more prize selections may be made for a particular game on the gaming machine including 1) selecting an individual prize for a particular game outcome including a jackpot or some other game outcome, 2) selecting a table containing a series of prizes corresponding to a number of game outcomes, or 3) selecting multiple prizes corresponding to multiple game outcomes.” (Nguyen, col. 6, line 64 to col. 7, line 9)

Furthermore, Appellants submit that Nguyen clearly teaches a system wherein a player first selects a prize which may be won, dependent on the

occurrence of a jackpot, and that the player uses the selection tables to select prizes when initiating a game on the gaming machine. In particular, Nguyen teaches:

“FIG. 7 is a flow chart depicting the name your prize, prize selection methodology on a gaming machine. **In step 700, a list of available prizes on the gaming machine is presented.** The list of prizes may be in a graphical or textual format and organized in some display format as described in reference to FIGS. 2 and 3. The prizes available for selection may be optionally a function of the amount of money wagered by the player. In step 710, **after a player has selected a prize using an input method of some type, the gaming machine determines which prize was selected** by the player. ... Thus, after the prize selected by the player is determined, the gaming machine selects a pay-table containing the appropriate odds of winning the selected prize in step 720.

In step 730, a game is initiated when the gaming machine receives a game play signal. ... Usually using a random number generator, the gaming machine determines the outcome of the game in step 740 from the pay table selected in step 720. In step 750, game play is presented. ... In step 760, the outcome of the game is presented. ... After completing the game, a player might save prize information selected on the gaming machine to a portable storage device including a magnetic card, a smart card or a paper print-out. The prize information on the portable storage device might be used when a player wished to play for a similar prize on another gaming machine or the on the same gaming machine at a later time.” (Emphasis added, see Nguyen at col. 15, lines 3-48)

The thrust of this “name your prize” embodiment of Nguyen is clearly to require the player to select a prize (or prizes) first *before* initiating game play. Other portions of Nguyen also teach that the player prize selection

process usually begins before game play is initiated (see col. 7, lines 30-31), as opposed to selecting a prize immediately after the player places a wager (which is still before game play commences, and thus before any outcome is determined). In an embodiment, the value of the prize or prizes that may be selected by the player increases as the wager amount from the player increases (col. 8, lines 14-17, 32-37 and 41-60). In yet another embodiment, player prize selection may be combined with certain preselected prizes that are associated with high-value outcomes, such as the prize of a sports car, which may be awarded if the player obtains a royal flush on a video poker machine (col. 7, lines 63-67). But in *all* cases at least one prize is selected *before* game play begins and thus *before an outcome is generated*, and Nguyen specifically touts that such operation is advantageous as it encourages game play and adds excitement for players (col. 7, lines 53-57).

In view of the above remarks, Appellants respectfully assert that Nguyen teaches away from the method recited by pending claim **40**, and that the Examiner has thus failed to meet the requirements for establishing a *prima facie* case of obviousness. Thus, this 35 U.S.C. §103 rejection cannot stand.

4.2.1.3. No Showing of Level of Ordinary Skill in the Art

Moreover, the Examiner has failed to resolve (or even identify) the level of ordinary skill in the pertinent art as required by the Supreme Court. Graham v. John Deere Co., 383 U.S. 1, 17 (1966). Consequently, Appellants submit that the Examiner is unable to determine what “would have been obvious to one of ordinary skill in the business art” at the time of the invention.

4.2.2. Conclusion

We submit that the Examiner has not established a *prima facie* case of obviousness with respect to claim **40** at least because there has been no substantial evidence to support the Examiner's assertions that all of the limitations of claim **40** are taught by the references of record, alone or in combination. Furthermore, the cited Nguyen reference teaches away from the method as recited by claim **40**. In addition, the Examiner failed to identify the level of ordinary skill in the art when making his obviousness rejections. Yet further, any other combination of the references of record also fails to teach or suggest the limitations recited by claim **40**.

As noted above, claim **40** is representative of the independent claims of Group I, and thus the Examiner has also failed to establish a *prima facie* case of obviousness of independent claims **69, 70, 73 and 74**, and of dependent claims **41-45, 47-50, 53-58, 60-66, 71 and 72**. Thus, the Section 103(a) rejection of the Group I claims cannot stand and should be reversed.

4.3. Group II: Claim 46

Dependent claim **46** stands rejected under Section 103(a) as being unpatentable over Schneier in view of Nguyen. Claim **46** depends from claim **40**, and therefore all of the arguments provided above with respect to claim **40** are equally applicable to claim **46**. Those arguments are incorporated by reference in their entirety in this section.

Claim **46** provides the additional limitation of:

wherein the information regarding a total payout amount includes a probability of the player receiving the item.

The Examiner has not established by substantial evidence of record that the additional claimed subject matter was known to one of ordinary skill in the art, or that a motivation, suggestion, or teaching to provide for such subject matter was known. Furthermore, the Examiner has not defined the level of ordinary skill in the art, and thus has not clearly indicated any evidence to support such a finding, which findings are necessary to assess obviousness. (M.P.E.P. §2141.03).

4.3.1. Claim 40 is Patentable

As explained above in Section 4.2., independent claim **40** is patentably distinct over Schneier in view of Nguyen. Accordingly, claim **46**, which depends on claim **40**, is allowable for at least the same reasons, which will not be repeated here for the sake of brevity. Accordingly, the rejection of claim **46** should be reversed.

4.3.2. The Examiner's Factual Findings

With regard to claim 46, the Examiner states on page 5 of the Final Action that: "Nguyen teaches the information regarding a total payout amount includes a probability of the player receiving the item (e.g. odd of winning a prize)(8:61-9:12)." This portion of Nguyen recites:

"The odds of winning a prize selected from the prize selection table or another list of prizes displayed in an alternate display format may vary as a function of the prize selected. For example, in prize selection table 202, the odds of winning a bicycle 240 may be greater than the odds of winning a sports car 230. Thus, the prize selection process may allow a player to select a prize which has greater or lower probability of occurring for a particular game outcome of a game played by the player on the gaming machine. The odds of winning a particular prize typically are not chosen by the player. In a prize selection table or in a list of prizes displayed in some other display format, the odds of winning certain prizes may be presented in a relative manner so that a player can ascertain whether the probability of winning a particular prize is higher or lower relative to another prize. The odds of each outcome of a game are usually stored in the gaming machine in the form of a "pay table." When the pay table of a game is adjustable (e.g. slot games) the odds of winning a particular prize will typically decrease as the value of the prize increases." (Nguyen, col. 8, line 61 to col. 9, line 12).

4.3.3. Examiner's Findings Are Not Supported by Substantial Evidence of Record

Appellants respectfully submit that the portion of Nguyen highlighted above does not support the Examiner's contention that claim 46 is obvious in view of the cited art. In particular, claim 46 must be interpreted in the context of claim 40, wherein the information regarding the total payout

amount is received **before** the player indicates an item that the player is interested in winning. Thus, claim **46** further defines the operation of receiving the information regarding total payout amount to include a probability of the player receiving an item, **before** receiving the indication from the player of an item that the player is interesting in winning. Such operation is not taught or suggested by the cited portion of Nguyen, which merely explains that the odds of a player winning a selected prize will decrease as the value of a selected prize increases. In fact, Nguyen teaches away from that recited by claims **40 and 46** by requiring the player to first choose a prize, and then to initiate game play. Support for Appellants' contentions are found in Sections 4.2.1.1. and 4.2.1.2. above, which are incorporated in their entirety herein for the sake of brevity.

In view of the above remarks, Appellants submit that the Examiner's assertion of why claim **46** is obvious, quoted above, does not rise to the level of substantial evidence, which is required to be made of record in order to support an obviousness rejection. Accordingly, since no support exists in the record for this obviousness rejection, no *prima facie* case has been made and the Section 103(a) rejection should be reversed.

4.3.4. The Examiner Has Failed to Determine the Level of Ordinary Skill in the Art

Moreover, the Examiner has also failed to resolve (or even identify) the level of ordinary skill in the pertinent art as required by the Supreme Court. Graham v. John Deere Co., 383 U.S. 1, 17 (1966). Having failed to resolve the level of ordinary skill in the art in the record, Appellants submit

that the Examiner is unable to determine what “would have been obvious to one of ordinary skill in the art” at the time of the invention.

4.3.5. Conclusion

For the reasons set forth above, the Section 103(a) rejection of claim **46** cannot stand. The Examiner has not established a *prima facie* case of obviousness because there has been no showing that the limitation of this claim (together with independent claim **40**) are taught by any reference of record. Furthermore, the Examiner has failed to provide substantial evidence to support the Examiner’s assertion concerning what was known in the art at the time the application was filed, and thus that assertion cannot support an obviousness rejection. Yet further, the level of ordinary skill in the pertinent art was not resolved, and thus the Examiner could not have been able to determine what “would have been obvious to one of ordinary skill in the art” at the time of the invention. Accordingly, Appellants respectfully request reversal of the Section 103(a) rejection of claim **46**.

4.4. Group III: Claim 51

Dependent claim **51** stands rejected under Section 103(a) as being unpatentable over Schneider in view of Nguyen. Claim **51** depends from claim **40**, and therefore all of the arguments provided above with respect to claim **40** are equally applicable to claim **51**. Those arguments are incorporated by reference in their entirety in this section.

Claim **51** provides the additional limitations of:

in response to the received indication, offering to provide a substitute item to the payer; and
wherein arranging includes arranging for the player to receive the substitute item based on whether the total payout amount is within a defined range of the value of the substitute item.

The Examiner has not established by substantial evidence of record that the additional claimed subject matter was known to one of ordinary skill in the art, or that a motivation, suggestion, or teaching to provide for such subject matter was known. Furthermore, the Examiner has not defined the level of ordinary skill in the art, and has not clearly indicated any evidence to support such a finding, which findings are necessary to assess obviousness. (M.P.E.P. §2141.03).

4.4.1. Claim 40 is Patentable

As explained above in Section 4.2., independent claim **40** is patentably distinct over Schneier in view of Nguyen. Accordingly, claim **51**, which depends on claim **40**, is allowable for at least the same reasons which will not be repeated here for the sake of brevity. Accordingly, the rejection of claim **51** should be reversed.

4.4.2. The Examiner's Factual Findings

With regard to claim **51**, the Examiner states on page 6 of the Final Action that: "... it is *notoriously well known* to provide a substitute product or item to a person when the requested item is not available or out of stock and/or the substitute item is similar but cheaper in price." (Emphasis added)

4.4.3. Examiner's Findings Are Not Supported by Substantial Evidence of Record

Appellants respectfully submit that the Examiner has not provided any support for his contention that the process as recited by claim **51** and independent claim **40** is "notoriously well known". In particular, claim **51** must be interpreted in the context of claim **40**, wherein the indication of an item the player is interested in winning is received *after* receiving the total payout amount information. Claim **51** adds the elements of offering a substitute item to the player and arranging for the player to receive the substitute item. Such operation is not taught or suggested by the cited art, and Appellants respectfully submit that the Examiner's convenient assertion quoted above is not substantial evidence of record.

MPEP Section 2144.03 recognizes that official notice, which is akin to the Examiner asserting that the elements of claim 51 are “notoriously well known”, without documentary evidence to support such a conclusion, is permissible only in some rare circumstances when an application is under final rejection. As noted by the court in *In re Ahlert*, 424 F.2d 1088, 1091, 165 USPQ 418, 420 (CCPA 1970), the notice of facts beyond the record which may be taken by the examiner must be “capable of such instant and unquestionable demonstration as to defy dispute” (citing *In re Knapp Monarch Co.*, 296 F.2d 230, 132 USPQ 6 (CCPA 1961)). In *Ahlert*, the court held that the Board properly took judicial notice that “it is old to adjust intensity of a flame in accordance with the heat requirement.” In the present case, in the context of an electronic scratch-off game wherein the player provides an indication of an item that the player is interested in winning, it is respectfully submitted that the facts asserted by the Examiner are not well-known, or are not common knowledge in the art capable of instant and unquestionable demonstration as being well-known. Accordingly, Appellants respectfully assert that it is unreasonable to take official notice of the operation recited by claim **51** in concert with claim **40** without the specific support of documentary evidence.

Furthermore: “It would not be appropriate for the examiner to take official notice of facts without citing a prior art reference where the facts asserted to be well known are not capable of instant and unquestionable demonstration as being well-known.” (MPEP Section 2144.03(A)) For example, assertions of technical facts in the areas of esoteric technology or specific knowledge of the prior art must always be supported by citation to some reference work recognized as standard in the pertinent art. *In re Ahlert*,

424 F.2d at 1091, 165 USPQ at 420-21. In addition, it is never appropriate to rely solely on "common knowledge" in the art without evidentiary support in the record, as the principal evidence upon which a rejection was based. *Zurko*, 258 F.3d at 1385, 59 USPQ2d at 1697 ("[T]he Board cannot simply reach conclusions based on its own understanding or experience—or on its assessment of what would be basic knowledge or common sense. Rather, the Board must point to some concrete evidence in the record in support of these findings."). While the court explained that, "as an administrative tribunal the Board clearly has expertise in the subject matter over which it exercises jurisdiction," it made clear that such "expertise may provide sufficient support for conclusions [only] as to peripheral issues." *Id.* at 1385-86, 59 USPQ2d at 1697. As the court held in *Zurko*, an assessment of basic knowledge and common sense that is not based on any evidence in the record lacks substantial evidence support. *Id.* at 1385, 59 USPQ2d at 1697. In the present case, the Examiner has failed to provide substantial evidence with regard to the obviousness rejection of claim **51**, and consequently has failed to establish a *prima facie* case of obviousness.

In view of the above remarks, Appellants submit that the Examiner's assertion of why claim **51** is obvious, quoted above, does not rise to the level of substantial evidence, which is required to be made of record in order to support an obviousness rejection. Accordingly, since no support exists in the record for this obviousness rejection, no *prima facie* case has been made and the Section 103(a) rejection should be reversed.

4.4.4. The Examiner Has Failed to Determine the Level of Ordinary Skill in the Art

Moreover, the Examiner has also failed to resolve (or even identify) the level of ordinary skill in the pertinent art as required by the Supreme Court. Graham v. John Deere Co., 383 U.S. 1, 17 (1966). Having failed to resolve the level of ordinary skill in the art in the record, Appellants submit that the Examiner is unable to determine what “would have been obvious to one of ordinary skill in the art” at the time of the invention.

4.4.5. Conclusion

For the reasons set forth above, the Section 103(a) rejection of claim **51** cannot stand. The Examiner has not established a *prima facie* case of obviousness because no substantial evidence has been provided to support the Examiner’s assertion concerning what was known in the art at the time the application was filed, and thus that assertion cannot support an obviousness rejection. Yet further, the level of ordinary skill in the pertinent art was not resolved, and thus the Examiner could not have been able to determine what “would have been obvious to one of ordinary skill in the art” at the time of the invention. Accordingly, Appellants respectfully request reversal of the Section 103(a) rejection of claim **51**.

4.5. Group IV: Claim 52

Dependent claim **52** stands rejected under Section 103(a) as being unpatentable over Schneier in view of Nguyen. Claim **52** depends from claim **40**, and therefore all of the arguments provided above with respect to claim **40** are equally applicable to claim **52**. Those arguments are incorporated by reference in their entirety in this section.

Claim **52** provides the additional limitation of:

wherein receiving the indication of the item includes receiving an indication that the player is interested in purchasing the item.

The Examiner has not established by substantial evidence of record that the additional claimed subject matter was known to one of ordinary skill in the art, or that a motivation, suggestion, or teaching to provide for such subject matter was known. Furthermore, the Examiner has not defined the level of ordinary skill in the art, and has not clearly indicated any evidence to support such a finding, which findings are necessary to assess obviousness. (M.P.E.P. §2141.03).

4.5.1. Claim 40 is Patentable

As explained above in Section 4.2., independent claim **40** is patentably distinct over Schneier in view of Nguyen. Accordingly, claim **52**, which depends on claim **40**, is allowable for at least the same reasons which

will not be repeated here for the sake of brevity. Accordingly, the rejection of claim **52** should be reversed.

4.5.2. The Examiner's Factual Findings

With regard to claim **52**, the Examiner states on page 6 of the Final Action that: "... it is *notoriously well known* in gaming redemption which exchanges winning credit/outcome for the item or purchasing the item using game credits" (Emphasis added)

4.5.3. Examiner's Findings Are Not Supported by Substantial Evidence of Record

Appellants respectfully submit that the Examiner has not provided any support for his contention that such operation is "notoriously well known" in the context of the process recited by dependent claim **52** and independent claim **40**. In particular, claim **52** must be interpreted in the context of claim **40**, wherein the indication of an item the player is interested in winning is received *after* receiving the total payout amount information. Claim **52** adds that the indication of the item includes *receiving an indication that the player is interested in purchasing the item*. Such operation is not taught or suggested by the cited art, and Appellants respectfully submit that the Examiner's convenient assertion quoted above is not substantial evidence of record.

MPEP Section 2144.03 recognizes that official notice, which is akin to the Examiner asserting that the elements of claim **52** are "notoriously well known", without documentary evidence to support such a conclusion, is permissible only in some rare circumstances when an application is under

final rejection. In the present case, in the context of an electronic scratch-off game wherein an indication of an item that the player is interested in winning is received, the facts asserted by the Examiner are not well-known, or are not common knowledge in the art capable of instant and unquestionable demonstration as being well-known. As noted by the court in *In re Ahlert*, 424 F.2d 1088, 1091, 165 USPQ 418, 420 (CCPA 1970), the notice of facts beyond the record which may be taken by the examiner must be "capable of such instant and unquestionable demonstration as to defy dispute" (citing *In re Knapp Monarch Co.*, 296 F.2d 230, 132 USPQ 6 (CCPA 1961)). In *Ahlert*, the court held that the Board properly took judicial notice that "it is old to adjust intensity of a flame in accordance with the heat requirement." In the present circumstances, Appellants respectfully assert that it is unreasonable for the Examiner to merely state that the operation recited by claim **52** in concert with claim **40** is "notoriously well known" without the specific support of documentary evidence.

Furthermore: "It would not be appropriate for the examiner to take official notice of facts without citing a prior art reference where the facts asserted to be well known are not capable of instant and unquestionable demonstration as being well-known." (MPEP Section 2144.03(A)) For example, assertions of technical facts in the areas of esoteric technology or specific knowledge of the prior art must always be supported by citation to some reference work recognized as standard in the pertinent art. *In re Ahlert*, 424 F.2d at 1091, 165 USPQ at 420-21. In addition, it is never appropriate to rely solely on "common knowledge" in the art without evidentiary support in the record, as the principal evidence upon which a rejection was based. *Zurko*, 258 F.3d at 1385, 59 USPQ2d at 1697 ("[T]he Board cannot simply

reach conclusions based on its own understanding or experience—or on its assessment of what would be basic knowledge or common sense. Rather, the Board must point to some concrete evidence in the record in support of these findings."). While the court explained that, "as an administrative tribunal the Board clearly has expertise in the subject matter over which it exercises jurisdiction," it made clear that such "expertise may provide sufficient support for conclusions [only] as to peripheral issues." *Id.* at 1385-86, 59 USPQ2d at 1697. As the court held in *Zurko*, an assessment of basic knowledge and common sense that is not based on any evidence in the record lacks substantial evidence support. *Id.* at 1385, 59 USPQ2d at 1697. In the present case, the Examiner has failed to provide substantial evidence with regard to the obviousness rejection of claim **52**, and consequently has failed to establish a *prima facie* case of obviousness.

In view of the above remarks, Appellants submit that the Examiner's assertion of why claim **52** is obvious does not rise to the level of substantial evidence, which is required to be made of record in order to support an obviousness rejection. Accordingly, since no support exists in the record for this obviousness rejection, no *prima facie* case has been made and the Section 103(a) rejection should be reversed.

4.5.4. The Examiner Has Failed to Determine the Level of Ordinary Skill in the Art

Moreover, the Examiner has also failed to resolve (or even identify) the level of ordinary skill in the pertinent art as required by the Supreme Court. Graham v. John Deere Co., 383 U.S. 1, 17 (1966). Having failed to resolve the level of ordinary skill in the art in the record, Appellants submit

that the Examiner is unable to determine what “would have been obvious to one of ordinary skill in the art” at the time of the invention.

4.5.5. Conclusion

For the reasons set forth above, the Section 103(a) rejection of claim **52** cannot stand. The Examiner has not established a *prima facie* case of obviousness because no substantial evidence has been provided to support the Examiner’s assertion concerning what was known in the art at the time the application was filed, and thus that assertion cannot support an obviousness rejection. Yet further, the level of ordinary skill in the pertinent art was not resolved, and thus the Examiner could not have been able to determine what “would have been obvious to one of ordinary skill in the art” at the time of the invention. Accordingly, Appellants respectfully request reversal of the Section 103(a) rejection of claim **52**.

4.6. Group V: Claim 59

Dependent claim **59** stands rejected under Section 103(a) as being unpatentable over Schneider in view of Nguyen. Claim **59** depends from claim **40**, and therefore all of the arguments provided above with respect to claim **40** are equally applicable to claim **59**. Those arguments are incorporated by reference in their entirety in this section.

Claim **59** provides the additional limitation of:

wherein arranging for the player to receive the item further comprises:

converting the total payout amount to an alternate currency associated with a merchant.

The Examiner has not established by substantial evidence of record that the additional claimed subject matter was known to one of ordinary skill in the art, or that a motivation, suggestion, or teaching to provide for such subject matter was known. Furthermore, the Examiner has not defined the level of ordinary skill in the art, and has not clearly indicated any evidence to support such a finding, which findings are necessary to assess obviousness. (M.P.E.P. §2141.03).

4.6.1. Claim 40 is Patentable

As explained above in Section 4.2., independent claim **40** is patentably distinct over Schneider in view of Nguyen. Accordingly, claim **59**, which depends on claim **40**, is allowable for at least the same reasons which

will not be repeated here for the sake of brevity. Accordingly, the rejection of claim **59** should be reversed.

4.6.2. The Examiner's Factual Findings

With regard to claim **59**, the Examiner states on page 7 of the Final Action that: "... it is *notoriously well known* to exchange or redeem winning lottery ticket at a retailer wherein the winning ticket's value is converted to equivalent cash or currency at the store, e.g., a person bought a scratch-off lottery ticket at a store and won \$10, he then cashed out the ticket at the store for \$10." (Emphasis added)

4.6.3. Examiner's Findings Are Not Supported by Substantial Evidence of Record

Appellants respectfully submit that the Examiner has not provided any support for his contention that the process recited by dependent claim **59** and independent claim **40** is "notoriously well known". In particular, claim **59** must be interpreted in the context of claim **40**, wherein the indication of an item the player is interested in winning is received *after* receiving the total payout amount information. Claim **59** adds that the arranging for the player to receive the item includes *converting the total payout amount to an alternate currency associated with the merchant*. Examples of an alternate currency amount include a retail store coupon, frequent flyer miles, and/or a conversion to a double dollar amount (see present specification, page 8, lines 22-23 and page 12, lines 24-29). Such operation is not taught or suggested by the cited art, and Appellants respectfully submit that the Examiner's

convenient assertion quoted above is not only incorrect in the context of the present application, it also is not substantial evidence of record.

MPEP Section 2144.03 recognizes that official notice, which is akin to the Examiner asserting that the elements of claim **59** are “notoriously well known”, without documentary evidence to support such a conclusion, is permissible only in some rare circumstances when an application is under final rejection. In the present case, Appellants respectfully submit that, in the context of an electronic scratch-off game wherein the player provides an indication of an item that the player is interested in winning, the facts asserted by the Examiner are not well-known, or are not common knowledge in the art capable of instant and unquestionable demonstration as being well-known. As noted by the court in *In re Ahlert*, 424 F.2d 1088, 1091, 165 USPQ 418, 420 (CCPA 1970), the notice of facts beyond the record which may be taken by the examiner must be “capable of such instant and unquestionable demonstration as to defy dispute” (citing *In re Knapp Monarch Co.*, 296 F.2d 230, 132 USPQ 6 (CCPA 1961)). In *Ahlert*, the court held that the Board properly took judicial notice that “it is old to adjust intensity of a flame in accordance with the heat requirement.” In the present circumstances, Appellants respectfully assert that it is unreasonable for the Examiner to merely state that the operation recited by claim **59** in concert with claim **40** is “notoriously well known” without the specific support of documentary evidence.

Furthermore: “It would not be appropriate for the examiner to take official notice of facts without citing a prior art reference where the facts asserted to be well known are not capable of instant and unquestionable

demonstration as being well-known.” (MPEP Section 2144.03(A)) For example, assertions of technical facts in the areas of esoteric technology or specific knowledge of the prior art must always be supported by citation to some reference work recognized as standard in the pertinent art. *In re Ahlert*, 424 F.2d at 1091, 165 USPQ at 420-21. In addition, it is never appropriate to rely solely on "common knowledge" in the art without evidentiary support in the record, as the principal evidence upon which a rejection was based. *Zurko*, 258 F.3d at 1385, 59 USPQ2d at 1697 ("[T]he Board cannot simply reach conclusions based on its own understanding or experience—or on its assessment of what would be basic knowledge or common sense. Rather, the Board must point to some concrete evidence in the record in support of these findings."). While the court explained that, "as an administrative tribunal the Board clearly has expertise in the subject matter over which it exercises jurisdiction," it made clear that such "expertise may provide sufficient support for conclusions [only] as to peripheral issues." *Id.* at 1385-86, 59 USPQ2d at 1697. As the court held in *Zurko*, an assessment of basic knowledge and common sense that is not based on any evidence in the record lacks substantial evidence support. *Id.* at 1385, 59 USPQ2d at 1697. In the present case, the Examiner has failed to provide substantial evidence with regard to the obviousness rejection of claim **59**, and consequently has failed to establish a *prima facie* case of obviousness.

In view of the above remarks, Appellants submit that the Examiner's assertion of why claim **59** is obvious, quoted above, does not rise to the level of substantial evidence, which is required to be made of record in order to support an obviousness rejection. Accordingly, since no support exists in

the record for this obviousness rejection, no *prima facie* case has been made and the Section 103(a) rejection should be reversed.

4.6.4. The Examiner Has Failed to Determine the Level of Ordinary Skill in the Art

Moreover, the Examiner has also failed to resolve (or even identify) the level of ordinary skill in the pertinent art as required by the Supreme Court. Graham v. John Deere Co., 383 U.S. 1, 17 (1966). Having failed to resolve the level of ordinary skill in the art in the record, Appellants submit that the Examiner is unable to determine what “would have been obvious to one of ordinary skill in the art” at the time of the invention.

4.6.5. Conclusion

For the reasons set forth above, the Section 103(a) rejection of claim **59** cannot stand. The Examiner has not established a *prima facie* case of obviousness because no substantial evidence has been provided to support the Examiner’s assertion concerning what was known in the art at the time the application was filed, and thus that assertion cannot support an obviousness rejection. Yet further, the level of ordinary skill in the pertinent art was not resolved, and thus the Examiner could not have been able to determine what “would have been obvious to one of ordinary skill in the art” at the time of the invention. Accordingly, Appellants respectfully request reversal of the Section 103(a) rejection of claim **59**.

4.7. Group VI: Claim 67

Dependent claim **67** stands rejected under Section 103(a) as being unpatentable over Schneier in view of Nguyen. Claim **67** depends from claim **40**, and therefore all of the arguments provided above with respect to claim **40** are equally applicable to claim **67**. Those arguments are incorporated by reference in their entirety in this section.

Claim **67** provides the additional limitations of:

*determining an excess payout amount; and
arranging for the excess payout amount to be provided to
at least one of:*

- (i) a lottery provider,*
- (ii) a merchant that provided the item to the player,*
- (iii) a seller that sold the item to the player, and*
- (iv) the player.*

The Examiner has not established by substantial evidence of record that the additional claimed subject matter was known to one of ordinary skill in the art, or that a motivation, suggestion, or teaching to provide for such subject matter was known. Furthermore, the Examiner has not defined the level of ordinary skill in the art, and has not clearly indicated any evidence to support such a finding, which findings are necessary to assess obviousness. (M.P.E.P. §2141.03).

4.7.1. Claim 40 is Patentable

As explained above in Section 4.2., independent claim **40** is patentably distinct over Schneier in view of Nguyen. Accordingly, claim **67**, which depends on claim **40**, is allowable for at least the same reasons which will not be repeated here for the sake of brevity. Accordingly, the rejection of claim **67** should be reversed.

4.7.2. The Examiner's Factual Findings

With regard to claim **67**, the Examiner states on page 8 of the Final Action that: "... this limitation is *obvious to a person of ordinary skill in the art* to exchange or redeem winning lottery ticket at a retailer wherein the winning ticket's value is converted to equivalent cash or currency at the store and buying an item, e.g., a person bought a scratch-off lottery ticket at a store and won \$10, he cashed out the ticket at the store for \$10, he further bought a \$2 candy bar, the store clerk would give the person \$8 in change." (Emphasis added)

4.7.3. Examiner's Findings Are Not Supported by Substantial Evidence of Record

Appellants respectfully submit that the Examiner has not provided any support for his contention that such operation is "obvious to a person of ordinary skill in the art" in the context of the process as defined by dependent claim **67** and independent claim **40**. In particular, claim **67** must be interpreted in the context of claim **40**, wherein the indication of an item the player is interested in winning is received *after* receiving the total payout amount information. Claim **67** adds *determining an excess payout amount*;

and *arranging for the excess payout amount to be provided to at least one of (i) a lottery provider, (ii) a merchant that provided the item to the player, (iii) a seller that sold the item to the player, and (iv) the player.* Appellants respectfully submit that such operation is not taught or suggested by the cited art, and that the Examiner's convenient assertion quoted above is not substantial evidence of record.

MPEP Section 2144.03 recognizes that official notice, which is akin to the Examiner asserting that the elements of claim **67** are "obvious to a person of ordinary skill in the art" without offering any documentary evidence in support, is permissible only in some rare circumstances when an application is under final rejection. In the present case, in the context of the claimed process (which includes receiving a total payout amount of electronic scratch-off lottery tickets and an indication from a player of an item that the player is interested in winning, determining a value of the item, arranging for the player to receive the item, and further *arranging for an excess payout amount to be provided to at least one of a lottery provider, (ii) a merchant that provided the item to the player, (iii) a seller that sold the item to the player, and (iv) the player*) the assertion made by the Examiner is incorrect. In particular, Appellants submit that such a process is not well-known, or is not common knowledge in the art capable of instant and unquestionable demonstration as being well-known. As noted by the court in *In re Ahlert*, 424 F.2d 1088, 1091, 165 USPQ 418, 420 (CCPA 1970), the notice of facts beyond the record which may be taken by the examiner must be "capable of such instant and unquestionable demonstration as to defy dispute" (citing *In re Knapp Monarch Co.*, 296 F.2d 230, 132 USPQ 6 (CCPA 1961)). In *Ahlert*, the court held that the Board properly took

judicial notice that "it is old to adjust intensity of a flame in accordance with the heat requirement." In the present circumstances, Appellants respectfully assert that it is unreasonable for the Examiner to merely state that the operation recited by claim **67** in addition to that recited by claim **40** is "obvious to a person of ordinary skill in the art" without the specific support of documentary evidence.

Furthermore: "It would not be appropriate for the examiner to take official notice of facts without citing a prior art reference where the facts asserted to be well known are not capable of instant and unquestionable demonstration as being well-known." (MPEP Section 2144.03(A)) For example, assertions of technical facts in the areas of esoteric technology or specific knowledge of the prior art must always be supported by citation to some reference work recognized as standard in the pertinent art. *In re Ahlert*, 424 F.2d at 1091, 165 USPQ at 420-21. In addition, it is never appropriate to rely solely on "common knowledge" in the art without evidentiary support in the record, as the principal evidence upon which a rejection was based. *Zurko*, 258 F.3d at 1385, 59 USPQ2d at 1697 ("[T]he Board cannot simply reach conclusions based on its own understanding or experience-or on its assessment of what would be basic knowledge or common sense. Rather, the Board must point to some concrete evidence in the record in support of these findings."). While the court explained that, "as an administrative tribunal the Board clearly has expertise in the subject matter over which it exercises jurisdiction," it made clear that such "expertise may provide sufficient support for conclusions [only] as to peripheral issues." *Id.* at 1385-86, 59 USPQ2d at 1697. As the court held in *Zurko*, an assessment of basic knowledge and common sense that is not based on any evidence in the

record lacks substantial evidence support. *Id.* at 1385, 59 USPQ2d at 1697. In the present case, the Examiner has failed to provide substantial evidence with regard to the obviousness rejection of claim 67, and consequently has failed to establish a *prima facie* case of obviousness.

In view of the above remarks, Appellants submit that the Examiner's assertion of why claim 67 is obvious, quoted above, does not rise to the level of substantial evidence, which is required to be made of record in order to support an obviousness rejection. Accordingly, since no support exists in the record for this obviousness rejection, no *prima facie* case has been made and the Section 103(a) rejection should be reversed.

4.7.4. The Examiner Has Failed to Determine the Level of Ordinary Skill in the Art

Moreover, the Examiner has also failed to resolve (or even identify) the level of ordinary skill in the pertinent art as required by the Supreme Court. Graham v. John Deere Co., 383 U.S. 1, 17 (1966). Having failed to resolve the level of ordinary skill in the art in the record, Appellants submit that the Examiner is unable to determine what "would have been obvious to one of ordinary skill in the art" at the time of the invention.

4.7.5. Conclusion

For the reasons set forth above, the Section 103(a) rejection of claim 67 cannot stand. The Examiner has not established a *prima facie* case of obviousness because no substantial evidence has been provided to support the Examiner's assertion concerning what was known in the art at the time the application was filed, and thus that assertion cannot support an

obviousness rejection. Yet further, the level of ordinary skill in the pertinent art was not resolved, and thus the Examiner could not have been able to determine what “would have been obvious to one of ordinary skill in the art” at the time of the invention. Accordingly, Appellants respectfully request reversal of the Section 103(a) rejection of claim **67**.

CONCLUSION

Appellants submit that the Examiner's rejections of the pending claims are improper at least because the Examiner has not provided a proper legal basis for rejecting any claim. Therefore, Appellants respectfully request that the Examiner's rejections be reversed.

If any issues remain, or if there are any suggestions for expediting allowance of the present application, please contact Stephan J. Filipek using the information provided below.

Appellants hereby enclose a Petition for a Three-Month Extension of Time to Respond, and request any other extension of time that may be required to make this Appeal Brief timely. Please charge any fees that may be required for this paper, or credit any overpayment, to Deposit Account No. 50-0271.

April 21, 2008
Date

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APPENDIX A – CLAIMS INVOLVED IN THE APPEAL

40. A method comprising:

receiving from a device information regarding a total payout amount of electronic scratch-off lottery tickets stored on the device, wherein the total payout amount has not been disclosed to a player;

receiving from the player an indication, after receiving the total payout amount information and wherein the total payout amount has not been disclosed to the player, of an item that the player is interested in winning;

determining a value of the item; and

arranging for the player to receive the item based on whether the total payout amount is within a defined range of the value of the item.

41. The method of claim 40, wherein the item comprises at least one of:

(i) a product,

(ii) a service,

(iii) an alternate currency amount,

(iv) a reduction in a retail price associated with the item,

(v) a reduction of an amount previously owed by the player,

(vi) a future game event, and

(vii) an increase in an amount of payment to be received by the player.

42. The method of claim 40, wherein receiving from a device comprises: receiving from at least one of: (i) a player device, and (ii) a merchant device.

43. The method of claim 40, wherein receiving from a device is performed via at least one of:

- (i) a Web site,
- (ii) the Internet,
- (iii) a gaming device,
- (iv) a personal digital assistant,
- (v) a kiosk,
- (vi) an electronic mail message,
- (vii) postal mail,
- (viii) a telephone,
- (ix) an interactive voice response unit,
- (x) an operator terminal,
- (xi) a point of sale terminal, and
- (xii) a shopping cart device.

44. The method of claim 40, wherein the indication includes at least one of: (i) an item identifier, (ii) an item category, and (iii) an item feature.

45. The method of claim 40, wherein the indication includes at least one of: (i) an item price, (ii) a reduced item price, (iii) a player-defined item price, and (iv) a player-selected item price.

46. The method of claim 40, wherein the information regarding a total payout amount includes a probability of the player receiving the item.

47. The method of claim 40, wherein the information regarding a total payout amount includes a player identifier.

48. The method of claim 40, wherein the information regarding a total payout amount includes a game event identifier.

49. The method of claim 40, wherein the information regarding a total payout amount includes a pre-stored outcome.

50. The method of claim 40, further comprising:
displaying a list of available items to the player and
wherein receiving the indication of the item includes receiving a selection from the list of available items.

51. The method of claim 40, further comprising:
in response to the received indication, offering to provide a substitute item to the player, and
wherein arranging includes arranging for the player to receive the substitute item based on whether the total payout amount is within a defined range of the value of the substitute item.

52. The method of claim 40, wherein receiving the indication of the item includes receiving an indication that the player is interested in purchasing the item.
53. The method of claim 40, further comprising:
charging the player a fee to play the electronic scratch-off lottery tickets to win the indicated item.
54. The method of claim 40, wherein the electronic scratch-off lottery tickets are associated with a lottery provider, and
wherein arranging for the player to receive the item includes arranging for the player to receive the item from a retail store where the item is offered for sale.
55. The method of claim 40, wherein a seller arranges for the item to be provided to the player in exchange for payment of an amount based on a difference between the total payout amount and the value of the item.

56. The method of claim 40, wherein the indication of the item comprises at least one of:

- (i) a retail price,
- (ii) an item cost,
- (iii) a minimum acceptable price,
- (iv) a minimum acceptable profit,
- (v) a discount amount,
- (vi) a product conveyance rule,
- (vii) revenue management information,
- (viii) supply information, and
- (ix) demand information.

57. The method of claim 40, wherein arranging for the player to receive the item is further based on at least one of: (i) information associated with the player, (ii) information associated with a merchant, (iii) information associated with a lottery provider, and (iv) information associated with a seller.

58. The method of claim 40, wherein arranging for the player to receive the item further includes:

transmitting a transaction request, including the total payout amount, to a merchant device; and

receiving a transaction response from the merchant device,

wherein arranging for the player to receive the item is further based on the transaction response.

59. The method of claim 40, wherein arranging for the player to receive the item further comprises:

converting the total payout amount to an alternate currency associated with a merchant.

60. The method of claim 40, wherein arranging for the player to receive the item further comprises:

based on the indication of the item, adjusting information associated with a game event in accordance with at least one of: (i) a predetermined formula, (ii) a predetermined rule, and (iii) a conversion table.

61. The method of claim 40, wherein arranging for the player to receive the item comprises:

transmitting information enabling the item to be delivered to the player.

62. The method of claim 40, wherein arranging for the player to receive the item comprises:

transmitting information enabling the player to take possession of the item.

63. The method of claim 40, wherein at least one of (i) the information regarding the total payout amount, and (ii) an outcome associated with a game event are not displayed to the player.

64. The method of claim 40, further comprising:
determining at least one of:

- (i) an event wager amount,
- (ii) a number of game events, and
- (iii) a probability that the item will be provided to the player.

65. The method of claim 40, further comprising:
displaying to the player at least one of:

- (i) a required wager amount,
- (ii) a required number of game events,
- (iii) a suggested wager amount,
- (iv) a suggested number of game events, and
- (v) a probability that the item will be provided to the player.

66. The method of claim 40, wherein the item is provided to the player by a
merchant, and further comprising:

arranging for the merchant to receive payment in exchange for
providing the item to the player.

67. The method of claim 40, further comprising:
determining an excess payout amount; and
arranging for the excess payout amount to be provided to at least one
of:
- (i) a lottery provider,
 - (ii) a merchant that provided the item to the player,
 - (iii) a seller that sold the item to the player, and
 - (iv) the player.
68. The method of claim 40, wherein information associated with the item
is incorporated into play of a game associated with the total payout amount.
69. An apparatus comprising:
means for receiving from a device information regarding a total
payout amount of electronic scratch-off lottery tickets stored on the device,
wherein the total payout amount has not been disclosed to a player;
means for receiving from the player an indication, after receipt of the
total payout amount information and wherein the total payout amount has
not been disclosed to the player, of an item that the player is interested in
winning;
means for determining a value of the item; and
means for arranging for the player to receive the item based on
whether the total payout amount is within a defined range of the value of the
item.

70. An apparatus, comprising:

a processor; and

a storage device in communication with said processor and storing instructions adapted to be executed by said processor to:

receive from a device information regarding a total payout amount of electronic scratch-off lottery tickets stored on the device, wherein the total payout amount has not been disclosed to a player;

receive from the player an indication, after receipt of the total payout amount information and wherein the total payout amount has not been disclosed to the player, of an item that the player is interested in winning;

determine a value of the item; and

arrange for the player to receive the item based on whether the total payout amount is within a defined range of the value of the item.

71. The apparatus of claim 70, wherein the storage device further stores at least one of:

- (i) an player outcome database,
- (ii) an inventory database,
- (iii) a product request database,
- (iv) a product conveyance database,
- (v) a redemption database, and
- (vi) a provider outcome database.

72. The apparatus of claim 70, further comprising:
a communication device coupled to the processor and adapted to communicate with at least one of:
- (i) a player device,
 - (ii) a lottery device,
 - (iii) a merchant device,
 - (iv) a controller,
 - (v) a subsidy provider device,
 - (vi) a seller device, and
 - (vii) a payment device.
73. A medium storing instructions adapted to be executed by a processor to perform a method comprising:
- receive from a device information regarding a payout amount of an electronic lottery ticket stored on the device, wherein the payout amount has not been disclosed to a player;
 - receive from the player an indication, after receipt of the payout amount information and wherein the payout amount has not been disclosed to the player, of an item that the player is interested in winning;
 - determine a price of the item; and
 - arrange for the player to receive the item based on whether the price of the item is less than or equal to the payout amount.

74. A computer-implemented method comprising:
- receiving from a player device information regarding an outcome of a lottery ticket stored on the player device, wherein the outcome includes a payout amount that has not been disclosed to a player;
 - receiving from the player, after receiving the payout amount information and wherein the payout amount has not been disclosed to the player, an indication of an item that the player is interested in winning;
 - determining a price of the item; and
 - arranging for the player to receive the item based on the outcome and if the price of the item is less than or equal to the payout amount.

APPENDIX B – EVIDENCE <NONE>

APPENDIX C – RELATED PROCEEDINGS <NONE>